

Are retirement cuts a breach of promise?



By Mike Causey @mcauseyWFED
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Does the Trump administration's sweeping four-pronged "reform" plan for federal retirement constitute a breach of contract? If it went to court, could the administration lose millions of current and retired feds, from letter carriers to FBI agents?

I think the answer is yes with a capital "Y."

While all of the proposals hurt, the plan to totally eliminate inflation protection while requiring workers to pay more for smaller lifetime retirement benefits is the ultimate deal-breaker for most people.

Administration number crunchers said the plan would save the government \$143.5 billion — that is "billion" dollars. Put another way, it would take \$143.5 billion out of the paychecks and pension benefits for feds over the next decade.

Losing cost-of-living adjustments (COLAs) for life would hit both current and future retirees. The COLAs were put there for a reason: Many people can remember double digit inflation at the end of the Carter administration due primarily to higher oil prices. Inflation hit 14.3 percent in 1980 and 11.2 percent in 1981.

And before that, in the mid-'70s inflation ranged from a low of 5.9 percent to as much as 9.9 percent. And it could happen again with oil prices on the rise once more, as Iran and Saudi Arabia have cut production to drive up prices.

Health insurance premiums, medical costs and many other things retirees rely on go up each year whether or not people receive a COLA.

Thanks to inflation protection in the Civil Service Retirement System and modified inflation protection for those under the Federal Employees Retirement System program, most retirees managed to keep pace with even hyper-inflation because of regular COLAs written into the retirement plans.

People on fixed income pensions see their buying power shrink every year. Over a 20- to 30-year retirement, even modest inflation can quickly eat into, or eat up, a monthly retirement benefit. The plan to eliminate COLAs involves “only” retirees and workers under the FERS plan. It would not touch Social Security benefits, yet.

The survival manual for members of the House and Senate states that Social Security is the third rail of American politics. Touch it and you die!

These are proposed changes that — if they are approved by Congress — people cannot beat by retiring before they take effect. So if flight is off the table, that leaves fight — or prayer, or surrender. But this is serious, life-changing stuff.

So, what are the odds they get approved? That’s anybody’s guess.

If you belong to one of the organizations, professional associations or unions that represent active and retired feds listen to what they say. They have shortcuts to put you in touch with key members of Congress and especially the ones who depend on your vote to stay in office.

If you don’t belong to one of them, ask yourself why. There may be a very good reason, or maybe not.